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Form 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 27, 1992

C92-2263

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___ to ___

Commission file number 33-46495

JUL 22 1992

AUTOMOTIVE INDUSTRIES HOLDING, INC. (DE)

(Exact name of Registrant as specified in its charter)

Delaware	**41-1688788**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4508 IDS Center	**55402**
Minneapolis, Minnesota	(Zip Code)
(Address of principal executive offices)	

PROCESSED BY
13-13-V
JUL 27 1992

(612) 332-6828
(Registrant's telephone number, including area code)

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Q-Data Corp. - St. Petersburg, FL

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.

Yes ___ No X

The number of shares outstanding of the Registrant's Class A common stock, par value $.01 per share, at July 2, 1992 was 13,747,761 shares.

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ITEM 1 — FINANCIAL INFORMATION

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED

(Amounts in Thousands Except per Share Amounts - Unaudited)

	Pro Forma (Note 2)		Actual	
	June 27, 1992	June 29, 1991	June 27, 1992	June 29, 1991
Revenues	$75,397	$54,438	$75,397	$54,438
Cost of sales	59,083	43,930	59,083	43,930
Gross profit	16,314	10,508	16,314	10,508
Selling, general and administrative expenses	4,752	2,805	4,752	2,805
Amortization expense	553	510	553	535
Operating income	11,009	7,193	11,009	7,168
Interest expense, net	1,850	1,829	2,458	3,927
Income before income taxes	9,159	5,364	8,551	3,241
Provision for income taxes	3,700	2,277	3,475	1,513
Income before preferred dividends and extraordinary item	5,459	3,087	5,076	1,728
Dividends on Series A 9.5% cumulative redeemable exchangeable preferred stock	—	—	332	610
Income (loss) available to common shareholders before extraordinary item	5,459	3,087	4,744	1,118
Extraordinary item - loss on early extinguishment of debt (Note 2)	—	—	(8,259)	—
Net income (loss) available to common shareholders	$5,459	$3,087	$(3,515)	$1,118
Income (loss) per common and common equivalent share:				
Before extraordinary item	$.35	$.20	$.34	$.12
Extraordinary item	—	—	(.60)	—
Total	$.35	$.20	$(.26)	$.12
Weighted average number of common and common equivalent shares outstanding	15,807	15,770	13,765	9,079

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED

(Amounts in Thousands Except per Share Amounts - Unaudited)

	Pro Forma (Note 2)		Actual	
	June 27, 1992	June 29, 1991	June 27, 1992	June 29, 1991
Revenues	$135,356	$93,184	$135,356	$93,184
Cost of sales	107,644	75,804	107,644	75,804
Gross profit	27,711	17,380	27,711	17,380
Selling, general and administrative expenses	8,894	5,082	8,894	5,082
Amortization expense	1,105	1,019	1,105	1,069
Operating income	17,712	11,279	17,712	11,229
Interest expense, net	3,552	3,493	5,926	7,815
Income before income taxes	14,160	7,786	11,786	3,414
Provision for income taxes	5,754	3,538	5,025	1,628
Income before preferred dividends and extraordinary item	8,406	4,248	6,761	1,786
Dividends on Series A 9.5% cumulative redeemable exchangeable preferred stock	—	—	988	1,200
Income (loss) available to common shareholders before extraordinary item	8,406	4,248	5,773	586
Extraordinary item - loss on early extinguishment of debt (Note 2)	—	—	(8,259)	—
Net income (loss) available to common shareholders	$8,406	$4,248	$(2,486)	$ 586
Income (loss) per common and common equivalent share:				
Before extraordinary item	$.53	$.27	$.51	$.06
Extraordinary item	—	—	(.72)	—
Total	$.53	$.27	$(.21)	$.06
Weighted average number of common and common equivalent shares outstanding	15,789	15,770	11,422	9,079

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	June 27, 1992 (Unaudited)	December 28, 1991
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ 1,284
Accounts receivable	46,419	28,322
Inventories	12,669	12,676
Other current assets	8,550	5,491
Total current assets	67,638	47,773
Property, plant and equipment, net	78,971	79,075
Goodwill and other intangible assets, net	85,091	89,759
	$231,700	$216,607
Liabilities and Shareholders' Investment		
Current liabilities:		
Current maturities of long-term debt	$ 715	$10,670
Accounts payable	20,174	10,403
Accrued liabilities	10,970	10,311
Income taxes payable	-	1,825
Total current liabilities	31,859	33,409
Long-term debt, net of current maturities	81,272	105,296
Deferred income taxes	8,120	8,435
Other noncurrent liabilities	9,500	7,500
Series A 9.5% cumulative redeemable exchangeable preferred stock	-	27,677
Shareholders' investment:		
Preferred stock	-	-
Common stock	144	86
Additional paid-in capital	97,503	28,414
Retained earnings	3,302	5,788
Total shareholders' investment	100,949	34,288
	$231,700	$216,607

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED
(Amounts in Thousands - Unaudited)

	June 27, 1992	June 29, 1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income before preferred dividends and extraordinary item	$6,761	$1,786
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	6,080	5,567
Changes in other operating items	(10,788)	5,022
Net cash provided by operating activities	2,053	12,375
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, net	(2,371)	(6,375)
Acquisitions, net of cash acquired	(5,007)	(2,684)
Net cash used in investing activities	(7,378)	(9,059)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	5,488	-
Repayment of debt	(68,134)	(6,141)
Proceeds from initial public offering, net of underwriting discounts of $5,200 and expenses of $803	69,362	-
Proceeds from exercise of warrants	1,218	-
Conversion premium on preferred stock	(1,433)	-
Extraordinary loss on early extinguishment of debt, net of non cash expenses of $5,799	(2,460)	-
Net cash provided by (used in) financing activities	4,041	(6,141)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,284)	(2,825)
CASH AND CASH EQUIVALENTS:		
Beginning of period	1,284	2,825
End of period	$ -	$ -

The accompanying notes to condensed consolidated financial statements are an integral part of these statements.

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. The condensed consolidated financial statements have been prepared by Automotive Industries Holding, Inc. (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. The information furnished in the condensed consolidated financial statements includes normal recurring adjustments and reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of such financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. Although the Company believes that the disclosures are adequate to make the information presented not misleading, it is suggested that these condensed consolidated financial statements be read in conjunction with the audited financial statements and the notes thereto included in the Company's Registration Statement on Form S-1 (Registration No. 33-46495).

   Revenues and operating results for the three months and six months ended June 27, 1992 are not necessarily indicative of the results to be expected for the full year.

   In February 1992, the Financial Accounting Standards Board issued Statement of Financial Accounting Sandard No. 109 Accounting for Income Taxes (SFAS No. 109). Adoption of SFAS 109 will not have a material effect on the Company's financial position or results of operations.

2. In May 1992, the Company completed an initial public offering, including shares issued by the Company pursuant to the underwriters' over-allotment option, (the Offering) of 5,380,784 shares of its Class A Common Stock at $14.00 per share. The Company's board of directors and shareholders approved, immediately prior to the completion of the Offering, a Restated Certificate of Incorporation and a recapitalization, pursuant to which (i) the outstanding shares of the Company's Class A, B, C and D Common Stock were exchanged for 7,359,558 shares in the aggregate of the Company's new Class A Common Stock (out of a total of 30,000,000 shares of Class A Common Stock authorized for issuance under the Restated Certificate of Incorporation) and (ii) the outstanding shares of the Company's Class E Common Stock were exchanged for 638,205 shares of the Company's new Class A Common Stock and 648,000 shares of the Company's new Class B Common Stock (out of a total of 750,000 shares of Class B Common Stock authorized for stock issuance under the Restated Certificate of Incorporation). Immediately after the consummation of the recapitalization and the Offering, the Company had outstanding 13,747,761 shares of Class A Common Stock and 648,000 shares of Class B Common Stock. In connection with the initial public offering, certain holders exercised warrants to acquire 369,216 shares of Class A common stock. Total proceeds to the Company

from the warrant exercise were approximately $1.2 million. As of June 27, 1992 the Company had warrants outstanding which allow the holders to acquire up to 1,793,342 shares of Class A Common Stock at an exercise price of $3.30 per share. The accompanying condensed consolidated financial statements have been retroactively restated to give effect to the recapitalization as if it had occurred at the beginning of the earliest period presented. The Restated Certificate of Incorporation also authorizes 10,000,000 shares of preferred stock.

The net proceeds of the Offering were used to retire the Company's outstanding senior indebtedness. In addition, the Company exchanged its 14% subordinated indebtedness for new 8.75% senior notes due in 2000. The charges associated with the write-off of prior debt issuance costs, the premium associated with the exchange of the subordinated indebtedness and costs associated with the termination of certain interest rate swap arrangements, net of related income tax benefits of $4.9 million have been reflected in the accompanying condensed consolidated statements of operations as an extraordinary item. The Company also entered into a revised Revolving Credit Facility which allows borrowings up to $45 million at an interest rate of libor plus 1% or prime. Borrowings under this facility and the senior notes are unsecured.

In May 1992, the Company converted its Series A 9.5% cumulative redeemable exchangeable preferred stock into 9.5% junior subordinated notes which mature in 2001. The premium associated with the conversion of the Preferred Stock, approximately $1.4 million, was charged against additional paid-in capital.

As of June 27, 1992, long term debt consisted of the following:

Senior Notes	$41,000
Revolving Credit Facility	8,000
Junior Subordinated Notes	28,665
Other, Principally Capital Leases	4,322
	81,987
Less - Current Maturities	(715)
	$81,272

The accompanying pro forma condensed consolidated statements of operations for the three and six months ended June 27, 1992 and June 29, 1991 give effect to the Offering, the recapitalization, the conversion of the Preferred Stock and the retirement of outstanding indebtedness as if they had occurred at the beginning of the periods presented.

In May 1992, the Company's board of directors adopted an employee stock option plan that provides for the issuance of options to acquire up to 790,000 shares of the Company's new Class A Common Stock. The exercise price of the options will be at least 100% of the fair market value of Class A Common Stock at the time of the issuance of the option. In June 1992 the Company granted non-qualified options under this plan to acquire 184,000 shares of Class A Common Stock at an exercise price of $16.875 per share. The options vest ratably over five years and expire in 2002.

3. Inventories, which are valued at the lower of first-in, first-out (FIFO) cost or market, consisted of the following (in thousands):

	June 27, 1992	December 28, 1991
Raw materials	$6,718	$6,541
Work-in-process	1,325	1,377
Finished goods	4,626	4,758
	$12,669	$12,676

4. In February 1992, the Company acquired the operating assets and assumed the liabilities of Plasta Fiber Industries, Inc. (PFI), a manufacturer of automotive sun visors and die cut insulating products. The total cost of the acquisition was approximately $5 million. The results of operations for PFI prior to the acquisition were not material.

5. Supplemental cash flow information:

	Three months ended		Six months ended	
	June 27, 1992	June 29, 1991	June 27, 1992	June 29, 1991
	(in thousands)			
Cash paid for -				
Interest	$5,489	$4,085	$7,196	$6,329
Income taxes	1,100	100	2,000	100

ITEM 2: MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Results of Operations

Comparison of three months ended June 27, 1992
to three months ended June 29, 1991

Revenues — Revenues for the quarter ended June 27, 1992 totaled $75.4 million compared to $54.4 million for the quarter ended June 29, 1991, an increase of $21 million or 39%. Of this increase, approximately $5.9 million results from acquisitions and the balance relates to new business commencing with the 1992 model year and increased unit production on models which the Company serves. The increase from acquisitions relates to the February 1992 acquisition of Plasta Fiber Industries, Inc.

Cost of Sales — Cost of sales, as percentage of revenues decreased to 78% in the quarter ended June 27, 1992 from 81% during the comparable quarter in 1991. This improvement in gross margins relates directly to the increase in revenues and the Company's continuing programs in productivity improvement and cost containment.

SG & A — Selling, general and administrative costs increased to 6.3% of revenue in the quarter ended June 27, 1992 compared to 5.2% of revenue during the quarter ended June 29, 1991. This growth reflects increases in engineering and administrative costs to support the revenue growth and satisfy customers' increased service requirements.

Interest Expense — Interest expense for the quarter ended June 27, 1992 was approximately $2.5 million or 3% of revenues, a decrease of $1.4 million compared to the same period in 1991. This decrease resulted from the retirement in May 1992 of certain indebtedness with the proceeds from the initial public offering of the Company's Class A common stock.

Comparison of six months ended June 27, 1992
to six months ended June 29, 1991

Revenues — Revenues for the six months ended June 27, 1992 increased 45% to $135.4 million from $93.2 million in the same period in 1991. The acquisitions of the Company's Canadian operations in March 1991 and Plasta Fiber Industries in March 1992, increased 1992 revenues by approximately $13 million. The remaining increase relates to new business commencing with the 1992 model year and to increased unit production on models which the Company serves.

Cost of Sales — Cost of sales decreased to 79.5% of revenues for the six months ended June 27, 1992 compared to 81.4% of revenues for the comparable period in 1991. This improvement is due to the revenue increase and the Company's cost containment and productivity improvement programs.

SG&A — Selling, general and administrative costs increased to 6.6% of revenues for the six months ended June 27, 1992 compared to 5.5% of revenues for the comparable period in 1991. The increase is due to increased engineering and selling costs related to the Company's revenue growth. The 1992 period also includes a charge of $500,000 for the reorganization of the Company's Canadian operations.

Interest Expense — Interest expense for the first six months of 1992 decreased to $5.9 million from $7.8 million for the first half of 1991. The decrease is due to the retirement of certain indebtedness with the proceeds of the initial public offering of the Company's Class A common stock in May 1992.

Liquidity and Capital Resources

In May 1992, the Company completed an initial public offering of 5,380,784 shares of its Class A Common Stock at a price of $14.00 per share. The Company realized proceeds net of issuance costs of approximately $69.4 million from the offering. In addition, the Company realized proceeds of $1.2 million from the exercise of warrants.

The proceeds of the initial public offering were used to retire amounts outstanding under the Company's senior credit facility. The Company entered into a new revolving credit facility which provides up to $45 million of borrowing capacity. The revolving credit facility is unsecured, bears interest at the lenders' prime rate or libor plus 1% and expires in June 1997. As of June 27, 1992 there was $8 million outstanding under the revolving credit facility. During the quarter ended June 27, 1992 the Company also exchanged outstanding subordinated indebtedness for new unsecured senior notes with a face amount of $41 million. The senior notes bear interest at 8.75%, are due in 2000 and require principal repayments of $7.5 million in 1998, $13.5 million in 1999 and $20 million in 2000. In addition, during the quarter ended June 27, 1992, the Company exchanged its Series A 9.5% cumulative redeemable exchangeable preferred stock (Preferred Stock) into junior subordinated notes with a principal amount of $28.7 million. The junior subordinated notes are due 2001 and bear interest at 9.5%.

The costs associated with the write-off of prior debt issue costs, the premium associated with the exchange of the subordinated indebtedness and costs associated with the termination of certain interest rate swap arrangements resulted in an extraordinary loss, net of income taxes, of $8.3 million in the second quarter. In addition, the conversion of the Preferred Stock into the junior subordinated notes required a cash payment of approximately $1.4 million which was charged against additional paid-in capital.

During the six months ended June 27, 1992, the Company generated approximately $12.8 million of cash from operations before the effects of changes in working capital items and $2.1 million of cash from operations after the effects of changes in working capital items. The cash generated from operations along with proceeds of $70.6 million from the initial public offering of common stock and proceeds from the exercise of warrants were used to retire indebtedness of $68.1 million, acquire Plasta Fiber Industries, Inc. for approximately $5 million and fund capital expenditures of $2.4 million.

The Company believes its revolving line of credit (with borrowing availability of $45 million), together with funds generated by operations, will provide the Company with the liquidity and capital resources to pursue its business strategy through 1994, including the funding of working capital, capital expenditures and other needs. The Company generates no material income from investment activities.

Effects of Inflation

Inflation generally affects the Company by increasing the interest expense of floating rate indebtedness and by increasing the cost of labor, equipment and raw materials. Management does not believe that inflation has had any material effect on the Company's business over the past three years.

PART II. OTHER INFORMATION

AUTOMOTIVE INDUSTRIES HOLDING, INC. AND SUBSIDIARIES

Item 1. Legal Proceedings:

None

Item 2. Change in Securities:

None

Item 3. Defaults Upon Senior Securities:

None

Item 4. Submission of Matters to a Vote of Security Holders:

None

Item 5. Other Information:

None

Item 6. Exhibits and Reports on Form 8-K:

(a) Exhibits:

None

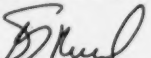
(b) No Form 8-K's were filed during the quarter ended June 27, 1992.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUTOMOTIVE INDUSTRIES HOLDING, INC.

Date: July 21, 1992

By 

Scott D. Rued
Vice President, Chief Financial Officer
(principal accounting and financial officer)